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CHINA NEW ECONOMY FUND LIMITED

中國新經濟投資有限公司

(an exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 80)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS

The board of Directors (the “Board” or the “Directors”) of China New Economy Fund Limited (the “Company”) is pleased to announce the results of the Company for the year ended 31 December 2022 (the “Year”), together with the comparative figures for the year ended 31 December 2021, as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 HK\$	2021 HK\$
REVENUE	4	3,116,109	2,547,989
Net change in fair value of financial assets at fair value through profit or loss	5	(39,041,595)	7,181,427
Other operating expenses		(16,725,072)	(14,592,920)
OPERATING LOSS		(52,650,558)	(4,863,504)
Finance costs	6(a)	(94,517)	(116,735)
LOSS BEFORE TAX	6(b)	(52,745,075)	(4,980,239)
Income tax expense	8	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		(52,745,075)	(4,980,239)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
– Basic		(0.042)	(0.007)
– Diluted		(0.042)	(0.007)

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	<i>Notes</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
NON-CURRENT ASSETS			
Right-of-use asset		518,327	890,036
Deposits		126,740	126,740
Total non-current assets		645,067	1,016,776
CURRENT ASSETS			
Prepayments and other receivables		4,483,150	2,939,686
Amount due from brokers		10,003	240,723
Financial assets at fair value through profit or loss	10	116,438,778	109,354,628
Cash and cash equivalents		27,830,332	2,277,187
Total current assets		148,762,263	114,812,224
CURRENT LIABILITIES			
Other payables and accruals		6,595,551	1,168,447
Lease liability		406,525	387,578
Total current liabilities		7,002,076	1,556,025
NET CURRENT ASSETS		141,760,187	113,256,199
TOTAL ASSETS LESS CURRENT LIABILITIES		142,405,254	114,272,975
NON-CURRENT LIABILITIES			
Lease liability		130,458	536,982
Total non-current liabilities		130,458	536,982
NET ASSETS		142,274,796	113,735,993
EQUITY			
Issued capital	11	52,788,011	34,568,595
Reserves		89,486,785	79,167,398
Total equity		142,274,796	113,735,993
NET ASSET VALUE PER SHARE		0.11	0.13

NOTES

1. CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 1 February 2010 under the Companies Law of the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company was established for the purpose of acting as a closed-ended investment company.

The Company's registered office is at P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is at 22/F., CS Tower, 50 Wing Lok Street, Sheung Wan, Hong Kong.

The principal investment objective of the Company is to achieve long-term capital appreciation through investing globally in both private and public enterprises that have demonstrated the ability to manufacture a product or deliver a service that is supported by the economies of Mainland China, Hong Kong, Macau and Taiwan.

During the year ended 31 December 2022 (the "Year"), the Company's investment activities are managed Evergrande Securities (Hong Kong) Limited (the "Investment Manager").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair values. The financial statements are presented in Hong Kong dollars ("HK\$") except when otherwise indicated.

2.2 APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Company's annual period beginning on 1 January 2022 for the preparation of the financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The application of the amendments to IFRSs in the current year has had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

2.3 NEW AND AMENDMENTS TO IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Company has not early applied the following new and amendments to IFRSSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1	Non-current Liabilities with Covenants ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all other new and amendments to IFRSSs will have no material impact on the financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on the categories of investments. During the years ended 31 December 2022 and 2021, the Company has two reportable and operating segments as follows:

Listed securities – Investments in equity securities listed on relevant stock exchange

Unlisted securities – Investments in open-ended fund, limited partnership fund, private equity securities, unlisted bond and promissory notes.

The geographical analysis of Company's turnover and segment results by geographical areas for the years ended 31 December 2022 and 2021 is not presented as significant transactions of the Company are mainly based in Hong Kong.

Further details of the Company's investments are included in Note 5 and Note 10.

The following is an analysis of the Company's results by operating segment:

	Listed securities HK\$	Unlisted securities HK\$	Unallocated HK\$	Total HK\$
For the year ended 31 December 2022				
Segment revenue	–	3,113,598	2,511	3,116,109
Segment results	(19,673,013)	(17,912,793)	–	(37,585,806)
Bank interest income				2,511
Government grants				156,000
Unallocated expenses				(15,317,780)
Loss before tax				(52,745,075)
	Listed securities HK\$	Unlisted securities HK\$	Unallocated HK\$	Total HK\$
For the year ended 31 December 2021				
Segment revenue	26,400	2,520,740	849	2,547,989
Segment results	11,551,998	(1,823,431)	–	9,728,567
Bank interest income				849
Unallocated expenses				(14,709,655)
Loss before tax				(4,980,239)

For the years ended 31 December 2022 and 2021, the operating segments derived revenue from dividend income, interest income and income from profit guarantee earned from the investments held by the segments. Segment results represented the net gains or losses on changes in fair values of listed equity securities, private equity securities, unlisted bond, open-ended fund, limited partnership fund and promissory notes classified as financial assets at fair value through profit or loss and the corresponding interest income, dividend income as well as income from profit guarantee earned by each segment without the allocation of administrative expenses, finance costs, interest income from bank deposits, government grants and the Investment Manager's fees.

As management considers the Company's nature of business to be investment trading and there are no major customers, accordingly no information regarding revenue derived from major customers is presented.

The following is an analysis of the Company's assets and liabilities by operating segment:

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2022			
Segment assets:			
Financial assets at fair value through profit or loss	<u>12,261,190</u>	<u>104,177,588</u>	116,438,778
Unallocated assets			<u>32,968,552</u>
Total assets			<u>149,407,330</u>
Liabilities:			
Unallocated liabilities			<u>7,132,534</u>
Total liabilities			<u>7,132,534</u>

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
As at 31 December 2021			
Segment assets:			
Financial assets at fair value through profit or loss	<u>31,872,545</u>	<u>77,482,083</u>	109,354,628
Unallocated assets			<u>6,474,372</u>
Total assets			<u>115,829,000</u>
Liabilities:			
Unallocated liabilities			<u>2,093,007</u>
Total liabilities			<u>2,093,007</u>

For the purpose of monitoring segment performance and allocating resources between segments, all financial assets at fair value through profit or loss are allocated to reportable segments. All other assets of the Company, including right-of-use asset, deposits, prepayments and other receivables, amounts due from brokers and cash and cash equivalents, and all liabilities are not allocated to the operating segments.

4. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Dividend income from listed equity securities	–	26,400
Dividend income from unlisted equity securities	471,680	–
Interest income from promissory notes	528,110	1,112,521
Interest earned – bonds	1,657,808	908,219
Bank interest income	2,511	849
Income from profit guarantee	300,000	500,000
Government grants	156,000	–
	<u>3,116,109</u>	<u>2,547,989</u>

Notes:

- (i) Income from profit guarantee relates to amounts received and receivable in respect of a private equity investment in Hong Kong under the profit guarantee terms set out in the relevant agreement.
- (ii) Government grants from Hong Kong Special Administrative Region (“HKSAR”) Government Employment Support Scheme (“ESS”) have been received for retaining employees who may otherwise be made redundant. The related salary expenditure for which government grant intended to compensate has been fully undertaken and recognised as revenue. There are no unfulfilled conditions or contingencies relating to these grants.

5. NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The listed shares and unlisted investments are all classified as financial assets at fair value through profit or loss.

	Listed securities <i>HK\$</i>	Unlisted securities <i>HK\$</i>	Total <i>HK\$</i>
For the year ended 31 December 2022			
Net realised loss on financial assets at fair value through profit or loss	(10,983,513)	(263,301)	(11,246,814)
Net unrealised loss on financial assets at fair value through profit or loss	<u>(8,830,035)</u>	<u>(18,964,746)</u>	<u>(27,794,781)</u>
Total of net realised and unrealised loss included in profit or loss	<u>(19,813,548)</u>	<u>(19,228,047)</u>	<u>(39,041,595)</u>

	Listed securities HK\$	Unlisted securities HK\$	Total HK\$
For the year ended 31 December 2021			
Net realised loss on financial assets at fair value through profit or loss	(38,421,137)	–	(38,421,137)
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	49,946,735	(4,344,171)	45,602,564
Total of net realised and unrealised loss included in profit or loss	<u>11,525,598</u>	<u>(4,344,171)</u>	<u>7,181,427</u>

6. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2022 HK\$	2021 HK\$
(a) Finance costs		
Interest on other borrowings	58,735	85,883
Interest on lease liability	35,782	30,852
	<u>94,517</u>	<u>116,735</u>
(b) Other operating expenses		
Staff cost (excluding directors' remuneration)	3,885,403	3,232,366
Investment management fee (<i>Note 7</i>)	600,000	600,000
Foreign exchange loss, net	527,028	(3,346)
Auditors' remuneration	550,000	550,000
Minimum operating lease payments in respect of properties	75,600	53,704
Consultancy fees	1,200,000	700,000
Legal and professional fees	3,350,212	1,312,750
Commission and other charges	260,425	405,069
Depreciation of right-of-use asset	371,709	296,501
Equity-settled share-based payment	–	2,893,000

7. FEES

Administration fee

Amicorp Fund Services Asia Limited (the "Administrator") is entitled to receive an administration fee which is calculated based on the net asset value of the Company at valuation day equal to the rate of 0.11% per annum.

The administration fee is subject to a monthly minimum fee of USD4,000 plus 7% disbursement charge (2021: USD4,000 plus 7% disbursement charge) and is payable monthly in arrears.

The administration fee for the Year is HK\$402,222 (2021: HK\$399,264). As at 31 December 2022, an administration fee of HK\$66,817 (2021: HK\$66,742) was payable to the Administrator.

Custodian fee

Bank of Communications Trustee Limited (the “Custodian”) is entitled to a custodian fee which is calculated based on the net asset value of the Company at valuation day equal to the rate of 0.04% per annum. The custodian fee is subject to a monthly minimum fee of HK\$12,500 and is payable monthly in arrears.

The custodian fee for the Year is HK\$150,138 (2021: HK\$150,469). As at 31 December 2022, a custodian fee of HK\$25,000 (2021: HK\$25,000) was payable to the Custodian.

Management fee

The Investment Manager is entitled to a monthly management fee of HK\$50,000 (2021: HK\$50,000) and payable monthly in advance.

The management fee for the Year is HK\$600,000 (2021: HK\$600,000). As at 31 December 2022, the management fee of HK\$50,000 (2021: HK\$50,000) was payable to the Investment Manager.

8. TAXATION

The major components of income tax charge for the years ended 31 December 2022 and 2021 are:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Current tax:		
Hong Kong Profits tax	–	–
Deferred tax	–	–
	<hr/>	<hr/>
Tax charge for the year	<u>–</u>	<u>–</u>

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic per share amount is based on the Company’s loss of HK\$52,745,075 (2021: loss of HK\$4,980,239) for the Year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the Year of 1,254,220,419 (2021: 760,466,052 ordinary shares).

No diluted earnings per share for both 2022 and 2021 were presented as there were no potential ordinary shares in issue for both 2022 and 2021.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Listed equity securities – Hong Kong	12,261,190	27,141,692
Listed equity securities – Australia	–	3,370,853
Suspended listed equity securities – Hong Kong	–	1,360,000
Investments in private equity – British Virgin Islands	15,968,000	18,682,000
Investments in private equity – Hong Kong	41,448,000	20,430,000
Investments in bond	11,000,000	14,988,781
Investments in promissory note	–	23,381,302
Investments in fund – Hong Kong	35,761,588	–
	<hr/>	<hr/>
	<u>116,438,778</u>	<u>109,354,628</u>

11. ISSUED CAPITAL

	Number of shares	Nominal amount <i>HK\$</i>
Issued and fully paid		
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2022	<u>1,319,700,274</u>	<u>52,788,011</u>
Ordinary shares of nominal amount HK\$0.04 each at 31 December 2021	<u>864,214,887</u>	<u>34,568,595</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Issued capital <i>HK\$</i>	Share premium account <i>HK\$</i>	Total <i>HK\$</i>
At 1 January 2021	600,149,228	24,005,969	157,910,938	181,916,907
Placing in May 2021	120,029,845	4,801,194	16,694,238	21,495,432
Placing in November 2021	<u>144,035,814</u>	<u>5,761,432</u>	<u>17,453,655</u>	<u>23,215,087</u>
At 31 December 2021 and 1 January 2022	864,214,887	34,568,595	192,058,831	226,627,426
Right issue	432,107,443	17,284,298	60,495,042	77,779,340
Share issue expenses	–	–	(514,131)	(514,131)
Share option exercised	<u>23,377,944</u>	<u>935,118</u>	<u>4,758,301</u>	<u>5,693,419</u>
At 31 December 2022	<u>1,319,700,274</u>	<u>52,788,011</u>	<u>256,798,043</u>	<u>309,586,054</u>

12. EVENTS AFTER REPORTING PERIOD

There is no significant event after the reporting period.

FINANCIAL HIGHLIGHTS

During the Year, the Company maintained a long-term investment strategy in both public and private equities. The Company held three investments in Hong Kong-listed companies, five private equity securities investments, one unlisted bond, one limited partnership fund and one open-ended fund as of 31 December 2022. One of our major investments is in the financial printing sector focusing on the Hong Kong IPO market. The Company reported net loss attributable to shareholders of HK\$52,745,075 during the Year, which consisted of the net change in fair value loss of HK\$39,041,595 taken on the investment positions in the portfolio.

The investment performance of the Company during the Year is affected by the slowdown in the Chinese economy and the rising volatility of the global stock market due to the global pandemic. As at 31 December 2022, the Company reported an audited net asset value of approximately HK\$0.11 per share. The net loss is mainly attributable to both net unrealised loss of HK\$27,794,781 and net realised loss of HK\$11,246,814 on financial assets at fair value through profit or loss mainly as a result of recent Hong Kong stock market volatility. The Company will continue to monitor investments cautiously due to recent uncertain market conditions.

BUSINESS REVIEW AND PROSPECT

During the Year, the outbreak of the coronavirus disease (the “COVID-19”) and its variants continued to spread throughout the world. However, as the harmfulness of COVID-19 weakened, many countries began to treat it as an endemic disease and no longer isolated COVID-19 patients. China adjusted key parts of its anti-epidemic strategy in January 2023 to restore business activities in various industries. The Company believes that the pandemic is coming to an end and the national economy is rebounding.

China adopted strict public health measures since 2020 and achieved effective results, maintaining these policies throughout 2022. According to data from the National Bureau of Statistics of China, China’s gross domestic product (the “GDP”) in 2022 increased to RMB121,021 billion compared to the corresponding period, which represents an increase of 3.0% compared to 2021. The GDP of the first quarter of 2022 climbed 4.8%, slowing down to 0.4%, 3.9%, and 2.9% in the remaining quarters of 2022, respectively, on a year-to-year basis.

The Hang Seng Index reduced by 15.5% in 2022. At the same time, the Hang Seng Chinese Enterprises Index, which dropped 18.6%, performed worse than the Hang Seng Index. During the “Post COVID-19” period, the U.S. inflation growth rate accelerated to over a 40-year high, which was much higher than the market’s expectation. The United States Federal Reserve Board (the “U.S. Federal Reserve”) hiked interest rates seven times in 2022, raising them from 0.25% to 4.5% by the end of 2022. Since the inflation growth rate seems to have peaked, we expect that the U.S. Federal Reserve may reduce the speed of interest rate hikes or even keep interest rates at a certain level in 2023. The U.S. GDP grew at an annualized rate of 2.9% in the fourth quarter of last year, while GDP increased by 2.1% throughout 2022.

During the “Post COVID-19” period, the core theme of the entire world is “Return to normal after the epidemic.” China adjusted key parts of its anti-epidemic strategy. These impacts will speed up GDP growth in China and the entire world directly. The recovery of business in 2023 would be hugely challenging, and recovery may lead to dramatic growth.

The focus of the Company is to invest in listed securities in short to medium terms and will continue to seek opportunities to invest in listed companies and different fields with high potential. During the Year, the Company has invested in Hanvey Group Holdings Limited (8219.HK) (“Hanvey”) is an investment holding company principally engaged in the design and development, manufacturing and distribution of watch products. Hanvey intended to focus on the core business and to strengthen their product design and development capability in order to maximise their long term returns.

The other focus of the Company is to invest in private equity securities, long fund and other unlisted investments in long term. During the Year, the Company newly invested in two funds. Goldstone 1 LPF is a limited partnership fund which seeks to achieve maximum capital appreciation over the life of the fund through equity investments. SWK Dynamic OFC is private open-ended fund company with variable capital and long-biased focusing on Hong Kong and China equity market. The Company will continue to look for further investment opportunities on unlisted investments to benefit our investors and shareholders. The Company believes invested in different aspects shall diversify the risk of investments and will potentially bring greater return in long terms with the upcoming reform alongside with listed investments in portfolio.

The Company will continue to deploy an investment strategy focusing on Greater China and other global major markets. With our professional investment and risk management team, we are confident to capture valuable investment opportunities to maximize profits for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

The Company held eleven investments as of 31 December 2022, comprising three investments in Hong Kong-listed companies, five private equity securities investments, one unlisted bond, one limited partnership fund and one open-ended fund.

Pursuant to the requirements stipulated in Rule 21.12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company discloses its ten largest investments and all individual investments with value exceeding 5% of the Company’s gross assets with brief description of the investee companies as follows:

At 31 December 2022

Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(a) Hanvey Group Holdings Limited	The Cayman Islands	32,100,000 Ordinary shares of HK\$0.1 each	19.45%	19,113	10,272	(8,841)	HK\$7.66 million	–	6.88
(b) Orient Securities International Holdings Limited	The Cayman Islands	6,210,000 Ordinary shares of HK\$0.05 each	4.99%	1,456	1,646	190	HK\$18.98 million	–	1.10
(c) Jiading International Group Holding Limited (Formerly known as Farnova Group Holdings Limited)	Bermuda	1,780,000 Ordinary shares of HK\$0.004 each	0.17%	381	344	(37)	HK\$0.10 million	–	0.23

Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(d) Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	15,968	(30,409)	HK\$26.09 million	–	10.69

Private Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(e) iPro Financial Press Limited	Hong Kong	17,493 shares	19.97%	34,999	26,793	(8,206)	HK\$24.12 million	–	17.93
(f) Gransing Finance Limited	Hong Kong	2,779,570 shares	19.90%	16,876	14,655	(2,221)	HK\$18.58 million	–	9.81
(g) Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	0	(19,000)	HK\$12.64 million	–	0

Unlisted Bond – The Cayman Islands

Name of issuer	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Yield per annum	Maturity date	Interest received/accrued during the Year	% of gross assets of the Company
		HK\$'000	HK\$'000	HK\$'000	%		HK\$'000	
(h) Orient Payment Group Holdings Limited	The Cayman Islands	10,500	11,000	500	10	31 July 2022	1,658	7.36

Funds – Hong Kong

Name of investee	Place of incorporation	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised (Note 1)	Net asset attributable to the Company (Note 2)	Dividend received/receivable during the Year	% of gross assets of the Company
			HK\$'000	HK\$'000	HK\$'000		HK\$'000	
(i) Goldstone 1 LPF (Formerly known as Gransing 1 LPF)	Hong Kong	81.28%	23,748	22,151	(1,597)	HK\$22.15 million	–	14.83
(j) SWK Dynamic OFC	Hong Kong	7.58%	13,300	13,610	310	HK\$13.61 million	–	9.11

At 31 December 2021

Listed Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Kingland Group Holdings Limited	The Cayman Islands	43,240,000 ordinary shares of HK\$0.01 each	5.36%	10,910	9,729	(1,181)	HK\$2.07 million	–	8.40
InvesTech Holdings Limited	The Cayman Islands	2,129,700 ordinary shares of USD0.01 each	2.53%	5,177	3,812	(1,365)	RMB8.80 million	–	3.29
State Innovation Holdings Limited (Formerly known as Beaver Group (Holding) Company Limited)	The Cayman Islands	26,617,500 ordinary shares of HK\$0.1 each	9.86%	5,668	3,460	(2,208)	HK\$7.75 million	–	2.99

Listed Equity Security – Australia

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net liability attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	HK\$'000		HK\$'000	
Crater Gold Mining Limited	Australia	35,000,000 Ordinary shares	2.85%	2,669	3,371	702	AUD(0.44) million	–	2.91

Private Equity Security – British Virgin Islands

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 4) HK\$'000	(Note 3) HK\$'000	HK\$'000	
Gransing Financial Group Limited	British Virgin Islands	64 shares of USD1 each	18.08%	46,377	18,300	(28,077)	HK\$26.77 million	–	15.80

Private Equity Securities – Hong Kong

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Market value	Unrealised gain/(loss) recognised	Net asset attributable to the Company	Dividend received/receivable during the Year	% of gross assets of the Company
				HK\$'000	HK\$'000	(Note 4) HK\$'000	(Note 3) HK\$'000	HK\$'000	
iPro Financial Press Limited	Hong Kong	7,137 shares	19.90%	15,000	15,489	489	HK\$2.41 million	–	13.37
Help U Credit Finance Limited	Hong Kong	37,000 shares	19.95%	19,000	4,868	(14,132)	HK\$13.30 million	–	4.20

Unlisted Bond – The Cayman Islands

Name of investee	Place of incorporation	Cost	Market value	Unrealised gain/(loss) recognised	Yield per annum	Maturity date	Interest received/accrued during the Year	% of gross assets of the Company
		HK\$'000	HK\$'000	(Note 4) HK\$'000	%		HK\$'000	
Oriental Payment Group Holdings Limited	The Cayman Islands	15,000	14,989	(11)	10	24 May 2022	908	12.94

Promissory Notes – Hong Kong

Name of investee	Place of incorporation	Cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Unrealised	Yield per annum <i>%</i>	Maturity date	Interest	% of
				gain/(loss) recognised <i>(Note 4)</i> <i>HK\$'000</i>			received/accrued during the Year <i>HK\$'000</i>	gross assets of the Company
Gransing Finance Limited	Hong Kong	11,500	11,499	(1)	8	8 February 2022	365	9.93
iPro Financial Press Limited	Hong Kong	9,000	8,877	(123)	8	21 June 2022	20	7.66

Notes:

- (1) The unrealised gain/(loss) recognised represented the changes in fair value of the respective investments during the Year.
- (2) The calculation of net assets/(liability) attributable to the Company is based on the latest published interim/annual reports of the respective investments at the end of each reporting period.
- (3) The calculation of net assets attributable to the Company is based on the latest financial information/statements of the respective investments at the end of each reporting period.
- (4) The unrealised gain/(loss) recognised represented the changes in fair value of the respective investments during the year ended 31 December 2021.

A brief description of the business and financial information of the investments is as follows:

- (a) Hanvey Group Holdings Limited (“Hanvey”) is an investment holding company principally engaged in the design and development, manufacturing and distribution of watch products. The audited loss attributable to shareholders of Hanvey for the financial year ended 31 December 2022 was approximately HK\$10,646,000 and the audited net assets attributable to shareholders of Hanvey as at 31 December 2022 was approximately HK\$39,377,000. Hanvey will continue to focus on the core business, take efforts in strengthening their product design and developing capability to maximise the long term returns of the shareholders of Hanvey. The fair value of the investment in Hanvey is based on quoted market bid prices.

- (b) Orient Securities International Holdings Limited (“Orient”) is an investment holding company principally engaged in the provision of brokerage service, underwriting and placing service, margin financing service and money lending service. The unaudited profit attributable to shareholders of Orient for the twelve months ended 31 December 2022 was approximately HK\$19,264,000 and the unaudited net assets attributable to shareholders of Orient as at 31 December 2022 was approximately HK\$380,283,000. Orient will stick to its robust operational strategies, strictly control costs, actively expand business, and strive to provide better quality products and services. Orient will also capture the development opportunities to create better returns to their shareholders. The fair value of the investment in Orient is based on quoted market bid prices.
- (c) Jiading International Group Holdings Limited (“Jiading”) is an investment holding company mainly engaged in advertising business. The unaudited loss attributable to shareholders of Jiading for the six months ended 30 September 2022 was approximately HK\$6,737,000 and the unaudited net assets attributable to shareholders of Jiading as at 30 September 2022 was approximately HK\$60,277,000. Jiading’s senior management is confident on the development of its advertising business and will continue to strengthen its sales and marketing teams for providing cost effective marketing and advertising solutions to its clients as well as enhancing its overall operation efficiency. The fair value of the investment in Jiading is based on quoted market bid prices.
- (d) Gransing Financial Group Limited (“Gransing Financial”) is principally engaged in provision of quality brokerage, corporate finance, asset management, money lending and financial adviser services to institutional and individual investors in Hong Kong and Mainland China through its subsidiaries. With the enhancement of artificial intelligence (“A.I.”) technology, Gransing Financial launched several new services including the online account opening services for new customers in Hong Kong and China. Moreover, by the help of advanced intelligent technology, Gransing Financial’s A.I. analyst would serve their clients with stock monitoring, investment strategies and stock scoring services. All the above would improve Gransing Financial’s operation efficiency and earn more new potential clients. The fair value of the investment in Gransing Financial is based on valuation by independent valuer.
- (e) iPro Financial Press Limited (“iPro”) is principally engaged in financial printing services, production of announcements such as IPO prospectus and financial reports, and provision of venues for financial related forums. The fair value of the investment in iPro is based on valuation by independent valuer.
- (f) Gransing Finance Limited (“Gransing Finance”) is engaged in the provision of money lending. Gransing Finance is holding by Gransing Financial and which is the sole shareholder of the Company. The fair value of the investment in Gransing Finance is based on valuation by independent valuer.

- (g) Help U Credit Finance Limited (“Help U”) is principally engaged in money lending business in Hong Kong. Help U is a money lender and provides secured and unsecured loans to both individuals and corporations. The fair value of the investment in Help U is based on valuation by independent valuer.
- (h) Oriental Payment Group Holdings Limited (“Oriental Payment”) is an investment holdings Company mainly engaged in merchant acquiring business. Oriental Payment issued a bond to the Company which outstanding bond size is HK\$10.5 million, with coupon of 10% per year and matured in July 2022. The fair value of the investment in the bond is based on the latest transaction. During the Year, the bond has been sold and deposit has been received from an independent third party. As at 31 December 2022, the transaction is pending to be completed.
- (i) Goldstone 1 LPF (“Goldstone 1”) is a limited partnership fund. Goldstone 1 seeks to achieve maximum capital appreciation over the life of the Limited Partnership Fund through equity investments, specifically, investments in IPOs on securities to be listed on the Stock Exchange and in private placements by companies listed on the Stock Exchange. The fair value of the investment in Goldstone 1 is based on net asset value.
- (j) SWK Dynamic OFC (“SWK”) is private open-ended fund company with variable capital. The strategy of SWK is Long-biased focusing on Hong Kong and China equity market. The fair value of the investment in SWK is based on net asset value.

The top investments with realised gain and loss for the Year are summarised as below:

Top realised gain for the Year

Name of investment	Realised gain <i>HK\$'000</i>
Crater Gold Mining Limited	320

Top three realised loss for the Year

Name of investment	Realised loss <i>HK\$'000</i>
State Innovation Holdings Limited	10,046
Lerado Financial Group Limited	5,115
Dongfang Modern Agriculture Holdings Limited	4,000

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Company has maintained a sufficient cash position which will allow it to capture opportunities with promising returns in both listed and private equities.

As at 31 December 2022, the gearing ratio, defined as total borrowings divided by shareholders' equities, was nil (31 December 2021: Nil). As at 31 December 2022, the Company has no margin payables to brokers (31 December 2021: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the Year (2021: Nil).

CHARGES ON COMPANY'S ASSET AND CONTINGENT LIABILITIES

As at 31 December 2022, the Company had no pledged Hong Kong listed securities to secure the margin payables to the brokers (31 December 2021: Nil).

There were no significant contingent liabilities as at 31 December 2022 (31 December 2021: Nil).

CAPITAL STRUCTURE

On the listing date on 6 January 2011, the Company completed a share placement and a total of 303,000,000 ordinary shares of HK\$0.1 each were placed at a price of HK\$1.03 per share for a total cash consideration, excluding the related issue expenses, for approximately HK\$312.1 million. Subsequent to the listing, the Company had acquired additional capital by completion of rights issue and placing of new shares under general mandate. As at 31 December 2022, the capital of the Company comprises of 1,319,700,274 ordinary shares of HK\$0.04 each.

RIGHTS ISSUE

Rights issue on the basis of one rights share for every two shares

On 25 February 2022, the Company had raised an approximately HK\$74 million, net of expenses, by way of the rights issue of 432,107,443 rights shares to the qualifying shareholders at a subscription price of HK\$0.18 per rights share on the basis of one rights share for every two shares (closing price of the shares of the Company was HK\$0.25 as at the date of announcement of the rights issue). The Company was intended to apply approximately HK\$62.9 million, and HK\$11.1 million, representing approximately 85% and 15% of the net proceeds, towards investment in two funds, one of which is an opportunity fund with investment focus on distress assets and shares in suspended listed companies with assets or projects in Hong Kong, the PRC or Taiwan while the another fund with investment focus on projects in the Guangdong-Hong Kong-Macao Greater Bay Area and general working

capital of the Company. Details of the rights issue were set out in the announcements of the Company dated 7 January 2022, 12 January 2022, 15 February 2022 and 24 February 2022 and prospectus dated 25 January 2022.

As at 31 December 2022, the Company has applied HK\$62.9 million towards investment including limited partnership fund Goldstone 1 LPF, Open-ended fund SWK Dynamic OFC and other listed company equities as intended. The opportunity fund with investment focus on distress assets and shares in suspended listed companies with assets or projects in Hong Kong, the PRC or Taiwan has failed to be established since they are unable to find suitable investment manager. On the other hand, the Company has applied HK\$11.1 million towards general working capital of the Company as intended.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

The Company did not purchase, redeem or sell any of the Company's listed shares during the Year.

CAPITAL EXPENDITURE AND COMMITMENT

As at 31 December 2022, the Company made no capital expenditure or any other commitments (31 December 2021: Nil).

MATERIAL ACQUISITION AND DISPOSAL

During the Year, the Company did not acquire or dispose of any subsidiaries or associated companies (2021: Nil).

USE OF PROCEEDS

The Company has eleven investments as of 31 December 2022, comprising of equity securities listed in Hong Kong, private equities, unlisted bond, limited partnership fund and open-ended fund. The largest one held by the Company is in the financial printing sector focusing in the Hong Kong IPO market.

The rest of the net proceeds gained will be applied by the Board and the Investment Manager in making investments according to the investment objective, policies and restrictions of the Company and the requirements of the Articles of Association of the Company, the Listing Rules and the investment management agreement. Any proceeds not deployed are placed in bank deposits or invested in money market instruments or money market funds.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Company had six full-time employees (31 December 2021: seven full-time employees). All of the Company's employees were based in Hong Kong.

The Company establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. The policy is periodically reviewed. Apart from mandatory provident fund, salaries increment, discretionary bonuses and share options may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Company for the Year was approximately HK\$3,885,403 (31 December 2021: HK\$3,232,367).

FOREIGN CURRENCY FLUCTUATION

The Board believes that foreign exchange risks are minimal as the Company mainly uses the Hong Kong dollar to carry out its business transactions.

CORPORATE GOVERNANCE PRACTICES

The Company has applied most of the principles set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Board is of the view that throughout the year ended 31 December 2022, the Company was in compliance with the code provisions as set out in the CG Code, save and except for the deviation from code provision C.2.1.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Prior to 10 January 2022, Mr. Gu Xu was both the Chairman and Chief Executive Officer of the Company. He provided leadership to the Board and was responsible for the Company’s business development and daily management generally. To further enhance the corporate governance of the Company and comply with code provision C.2.1 of the CG Code, with effect from 10 January 2022, Mr. Huang Bin has been appointed as a non-executive Director and the Chairman of the Company, while Mr. Gu Xu has ceased to be the Chairman on the same date but remains as the Chief Executive Officer. With effect from 8 February 2022, Mr. Choi Chit Sze Jackson has been appointed as a non-executive Director of the Company and as Co-Chairman of the Board alongside Mr. Huang Bin.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Chong Ching Hoi (being the chairman with professional qualifications in accountancy), Mr. Leung Wai Lim, Mr. Sun Boquan and Mr. Tong Yun Lung.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, risk management system, internal control or other matters of the Company. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The Audit Committee held two meetings during the year ended 31 December 2022 to review interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of risk management and internal control systems, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and the annual results and audited financial statement for the Year.

The Audit Committee also met the external auditors once without the presence of the executive Directors during the Year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Company’s results for the year ended 31 December 2022 have been agreed by the Company’s auditors, Elite Partners CPA Limited, to the amounts set out in the Company’s financial statements for the Year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

By Order of the Board
China New Economy Fund Limited
GU Xu

Chief Executive Officer and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Mr. GU Xu and Mr. CHAN Cheong Yee as executive Directors; Mr. HUANG Bin (Co-Chairman), Mr. CHOI Chit Sze Jackson (Co-Chairman), Mr. WANG Dingben, Mr. CHOI Koon Ming and Ms. XIAO Ruimei as non-executive Directors; and Mr. LEUNG Wai Lim, Mr. SUN Boquan, Mr. CHONG Ching Hoi and Mr. TONG Yun Lung as independent non-executive Directors.